

TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP  
JANUARY 6, 2010

**DIRECTORS PRESENT**

Matt Disston, Committee Chair  
Ed Mandich, Committee Member Alternate

**STAFF PRESENT**

Don Chadd, General Manager  
Hector Ruiz, District Engineer  
Sharon E. Smith, Secretary/Treasurer  
Michael Perea, Special Projects Manager  
Teresa Teichman, Assistant to the General Manager

**PUBLIC PRESENT**

No members of the public were present.

**CALL MEETING TO ORDER**

Committee Chair Disston called the January 6, 2010 Finance/Audit Committee Meeting to order at 7:09 a.m.

**VISITOR PARTICIPATION**

Public comments were announced. No comments were received.

**ORAL COMMUNICATION**

Oral communication was announced. No comments were received.

**COMMITTEE MEMBER COMMENTS**

Committee Chair Disston provided information from a recent meeting regarding the potential effects to the South Orange County Wastewater Authority due to issues surrounding the marine life reserve area in South Laguna Beach.

REPORT FROM THE GENERAL MANAGER

No report was provided.

ACTION ITEMS

ITEM NO. 1) FINANCE/AUDIT COMMITTEE MEETING RECAP

The December 15, 2009 Finance/Audit Committee Meeting Recap was presented to the Committee. No changes were made to the Recap.

Recommendation: The Committee recommended that the December 15, 2009 Finance/Audit Committee Meeting Recap be received and filed by the Board. (Consent Calendar)

ITEM NO. 2) RATIFICATION OF DIRECTORS' FEES AND EXPENSES

The Committee reviewed this matter.

Recommendation: The Committee recommended that the Board ratify the Directors' expenses for November 2009 and fees for December 2009. (Consent Calendar)

ITEM NO. 3) OTHER MATTERS

Don Chadd, General Manager, stated that staff is waiting to receive the draft audited financial statement for fiscal year ended June 30, 2009.

ITEM NO. 4) DISCUSSION RELATING TO ADOPTION OF TREASURER'S ANNUAL STATEMENT OF INVESTMENT POLICY

Ms. Sharon E. Smith, Treasurer, stated that the District is required to adopt a resolution relating to this matter. The District is bound by law to meet certain criteria. No changes are required from prior year.

Discussion took place concerning the ability to obtain higher interest rates. Mr. Chadd stated his desire to transfer funds totaling about \$444,000 that are not earning interest from the Bank of New York to the Local Agency Investment Fund (LAIF) which is earning a minor amount of interest.

Recommendation: The Committee recommended that the Board adopt the Treasurer's Annual Statement of Investment Policy. (Action Calendar)

ITEM NO. 5) DISCUSSION RELATING TO ROSE CANYON AND LANG WELLS  
UPGRADES TO TREATMENT FACILITIES, GROUNDBREAKING  
CEREMONY

It is anticipated that the construction contractor will mobilize at the well site during the first or second week of February of 2010. Mr. Chadd stated that a groundbreaking ceremony will be planned for Friday, February 5, at 10:00 a.m. and noted who staff intended to invite to the event. The Committee concurred.

ITEM NO. 6) STATUS UPDATE RELATING TO WATER MONITORING AND  
WATER CONSERVATION EFFORTS

Mr. Chadd stated that the January ON-TAP is devoted to the Metropolitan Water District of Southern California shutdown of the Diemer Water Filtration Plant and Lake Matthews water supply pipeline. Signage requesting water conservation during the 8-day shutdown can be placed at strategic locations within the District.

Mr. Chadd stated that he does not anticipate any water supply shortage unless a storm event occurs that will cause the turbidity level of the water in Irvine Lake to increase considerably, making it difficult to treat water at the water treatment plant. The demand should remain low due to the cool weather. The District may be in a position to make water available to other agencies.

Recommendation: The Committee received and filed the  
status update. No action required.

ITEM NO. 7) TREASURER'S REPORT

ITEM NO. 7A) PRESENTATION OF NOVEMBER 2009 UNAUDITED FINANCIAL  
STATEMENT

Ms. Smith reviewed the November 30, 2009 preliminary unaudited financial statement. The Assets and Liabilities were reviewed. Special tax levies and ad valorem property taxes were received in November. Interest was applied to the appropriate restricted assets.

The Statement of Revenues and Expenses was discussed. The operating revenue is 44% collected year-to-date, and expenses are 40% of budget. The domestic water sales total about the same as prior year, but the District sold 40 acre feet less than prior year. Agricultural sales are 91% of budget. Reclaimed and recycled sales are comparable to prior year as well; the District

sold 27 less acre feet during November of 2009. Reclaimed and recycled water sales are 56% collected.

Regarding operating expenses, the District received a "premium holiday" from one of the health carriers in November and December of 2009. District services are somewhat higher during November of 2009 due to the timing of the payment of the ACWA/JPIA membership payment. Contracted professional services are much lower than November of 2008 due to the timing of the payment of the outside auditor invoice. Water expenses are higher; the California Department of Public Health invoice for fees for services totaled about \$14,000. Sanitation expenses are lower due to a sewer line break that occurred in November of 2008.

Non Operating Revenue was discussed. The restricted and unrestricted property taxes are lower this fiscal year than prior year--\$356,354 compared to \$466,517. Interest income decreased dramatically.

The year-to-date Net Non Operating Income (Loss) is \$458,718 for Fiscal Year 2009/10 compared to \$452,865 for Fiscal Year 2008/09.

Ms. Smith stated that \$47,677 was impounded in December by the County of Orange for the ad valorem property tax shift.

Mr. Chadd provided information on the new service order system.

Recommendation: The Committee recommended that the Board receive and file the November 2009 preliminary unaudited financial statement, as presented. (Consent Calendar)

#### 5B) BILLS FOR CONSIDERATION

The bills for consideration were presented.

Recommendation: The Committee recommended that the Board ratify payment of the January 6, 2010 bills for consideration in the amount of \$240,683.02 and December 2009 payroll in the amount of \$159,746.09, as presented. (Consent Calendar)

#### ADJOURNMENT

Committee Chair Disston adjourned the January 6, 2010 Finance/Audit Committee Meeting at 7:45 a.m.

1 THE REGULAR MEETING  
2 OF THE  
3 BOARD OF DIRECTORS  
4 TRABUCO CANYON WATER DISTRICT  
5 DECEMBER 16, 2009  
6

7 The Regular Meeting of the Board of Directors of the Trabuco Canyon  
8 Water District (TCWD) was called to order by President Matt Disston at 7:00  
9 p.m. at Trabuco Canyon Water District's office located at 32003 Dove Canyon  
10 Drive, Trabuco Canyon, CA. Sharon E. Smith, Secretary/Treasurer, recorded  
11 and transcribed the minutes thereof.

12 **DIRECTORS PRESENT**

13 Matt Disston, President  
14 Mike Safranski, Vice President  
15 Glenn Acosta  
16 Ed Mandich

17 **DIRECTORS ABSENT**

18 Jim Haselton

19 **STAFF PRESENT**

20 Don Chadd, General Manager  
21 Hector Ruiz, District Engineer  
22 Sharon E. Smith, Secretary/Treasurer  
23 Michael Perea, Special Projects Manager

24 **PUBLIC PRESENT**

25 No members of the public were present.

26 **PLEDGE OF ALLEGIANCE**

27 President Disston led the Board and staff in the pledge of allegiance.

28 **PUBLIC COMMENTS**

There were no public comments.

**ORAL COMMUNICATION**

There were no comments.

**DIRECTOR'S COMMENTS**

Director Acosta provided information from the recent Water Advisory Committee of Orange County meeting.

President Disston reviewed potential effects to the South Orange County Wastewater Authority due to issues surrounding the marine life reserve area in South Laguna Beach.

**REPORT FROM THE GENERAL MANAGER**

Mr. Don Chadd, General Manager, stated that he spoke with Director Haselton whose health is improving.

Mr. Chadd also noted that an alternate information technology service provider is being secured due to existing service issues.

The ACS business system has been installed; workshops on the purchase order and service order systems have been conducted.

The recent rain storms produced almost four inches of rain, and Dove Lake has three feet of freeboard. Dry water recovery system water is being sold to Santa Margarita Water District.

**ITEMS TOO LATE TO BE AGENDIZED**

No items were presented for consideration.

**ACTION CALENDAR**  
**ANNUAL ORGANIZATIONAL MEETING**

**1A. ELECTION OF BOARD OFFICERS**

Mr. Chadd stated that, pursuant to the District's General Policy and Rules and Regulations, elections for the offices of President and Vice President should be held at this time.

**Office of President**

Mr. Chadd opened the nominations for the office of Board President.

MOTION: A motion was made by Director Mandich and seconded by Director Disston nominating Director Mike Safranski as Board President. There were no further nominations, and Mr. Chadd closed the nominations. Director Safranski was

1 voted Board President with a 4-0 vote with Director  
2 Haselton not in attendance.

3 **Election of Vice President**

4 Newly-elected President Safranski opened the nominations for the office  
5 of Vice President.

6 MOTION: A motion was made by Director Acosta and seconded by  
7 Director Disston nominating Director Ed Mandich as Board  
8 Vice President. There were no further nominations, and  
9 President Safranski closed the nominations for the office  
10 of Vice President. Director Mandich was voted Board Vice  
11 President with a 4-0 vote with Director Haselton not in  
12 attendance.

13 **1B. COMMITTEE MEMBERS AND AGENCY REPRESENTATIVES ASSIGNMENTS**

14 Following a brief discussion, President Safranski requested that this  
15 matter be deferred to the January 20, 2010 Regular Board Meeting to allow him  
16 sufficient time to make determinations for the Committee members and agency  
17 representatives assignments.

18 President Safranski thanked former President Disston for his excellent  
19 efforts in representing Trabuco Canyon Water District. All present  
20 concurred.

21 **CONSENT CALENDAR**

22 President Safranski announced that all matters under the Consent  
23 Calendar would be approved by one motion unless a Board Member requests a  
24 separate action on a specific item.

25 MOTION: A motion was made by Director Disston and seconded by  
26 Director Acosta to approve the Consent Calendar, Item Nos.  
27 1A through 1G, as presented. The motion carried 4-0 with  
28 Director Haselton not in attendance.

**ACTION CALENDAR (CONTINUED)**

29 President Safranski stated that the General Manager and staff had  
30 reviewed all matters under the Action Calendar prior to the Board's  
31 consideration.

**ADMINISTRATIVE MATTERS**

1 **ITEM NO. 1H. STATUS UPDATE RELATING TO WATER MONITORING AND WATER**  
2 **CONSERVATION EFFORTS**

3 Mr. Chadd discussed the year-to-date water allocation tables provided  
4 by the Municipal Water District of Orange County and referred the Directors  
5 to their personal water consumption data.

6 **FINANCIAL MATTERS**

7 **ITEM NO. 1I. DISCUSSION AND POSSIBLE ACTION RELATING TO GASB 45**  
8 **ACTUARIAL VALUATION**

9 Mr. Chadd stated that the final GASB 45 Actuarial Valuation was  
10 provided to the District. The valuation was necessitated for Fiscal Year  
11 ended June 30, 2009 and concerns the cost of health care benefits for  
12 annuitants. He provided benchmarks for several ten-year periods.

13 **MOTION:** A motion was made by Director Disston and seconded by  
14 Director Acosta to receive and file the GASB 45 Actuarial  
15 Valuation for Fiscal Year ended June 30, 2009 and to ratify  
16 the Agreement for Services with The Epler Company. The  
17 motion carried 4-0 with Director Haselton not in  
18 attendance.

19 **ENGINEERING MATTERS**

20 **ITEM NO. 1J. STATUS UPDATE AND POSSIBLE ACTION RELATING TO ROSE CANYON**  
21 **AND LANG WELLS UPGRADES TO TREATMENT FACILITIES**

22 Mr. Hector Ruiz, District Engineer, stated that the contractor, R C  
23 Foster Corporation, has submitted the necessary contract documents and other  
24 information. The contractor was provided the Notice to Proceed at the  
25 December 14, 2009 project kick-off meeting. Submittals will be provided in  
26 the near future, and construction activities will commence in late January or  
27 early February of 2010. Recommendation will be made in January for  
28 contractual assistance to review submittals and inspection services.

Mr. Ruiz recommended that GMU Geotechnical, Inc. be selected to provide  
geotechnical services.

**MOTION:** A motion was made by Director Disston and seconded by Vice  
President Mandich to authorize the General Manager to enter  
into an Agreement for Services with GMU Geotechnical, Inc.  
for Geotechnical Observation and Testing Services at a cost



not to exceed \$21,960.00. The motion carried 4-0 with Director Haselton not in attendance.

Director Disston recommended that a groundbreaking ceremony take place at the project site; Directors and staff concurred.

**ITEM NO. 1K. STATUS UPDATE AND POSSIBLE ACTION RELATING TO BAKER REGIONAL WATER TREATMENT FACILITY**

Mr. Ruiz provided a status update related to the project and made recommendation to the Board.

**MOTION:** A motion was made by Director Acosta and seconded by Director Disston to receive and file the status update, to continue participation in the project, and to authorize the General Manager to execute the Baker Pipeline Capacity Transfer Memorandum of Understanding on behalf of the District.

**DISCUSSION:** Discussion took place relating to the Municipal Water District of Orange County's participation in the project (advisory role only).

**VOTE:** The motion carried 4-0 with Director Haselton not in attendance.

**LEGISLATIVE MATTERS**

**ITEM NO. 1L. REVIEW OF LOCAL GOVERNMENTAL AND LEGISLATIVE INFORMATIONAL ITEMS**

Mr. Chadd distributed a December 13, 2009 memorandum which was forwarded to the Municipal Water District of Orange County (MWDOC) concerning resolution to governance issues and other matters. A representative group of elected officials will meet with MWDOC elected officials to address concerns prior to further action(s).

The Board received and filed the status update.

- END ACTION CALENDAR -

**ITEMS TOO LATE TO BE AGENDIZED**

No items were brought forward for consideration.

**OTHER MATTERS**

Mr. Chadd provided information concerning the Arbor Day Memorial Park which will be constructed in the City of Rancho Santa Margarita. Homeowner associations, Santa Margarita Water District, and TCWD have been requested to

1 provide some type of support for the park. TCWD could provide labor to re-  
2 locate large boulders for the monument area. The Directors concurred.

3 **ADDITIONAL DIRECTORS' COMMENTS**

4 President Safranski thanked District staff for their work during the  
5 year, wished a happy holiday season to all, and expressed best wishes to  
6 Director Haselton for a speedy recovery.

7 **ADDITIONAL GENERAL MANAGER COMMENTS**

8 Mr. Chadd distributed a letter from the Association of California Water  
9 Agencies (ACWA) concerning ACWA's legislative package for solutions to the  
10 serious water crisis.

11 **ADJOURNMENT**

12 At 8:15 p.m. President Safranski adjourned the December 16, 2009  
13 Regular Board Meeting.

14 Respectfully Submitted,

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16  
17 Sharon E. Smith  
18 Secretary/Treasurer  
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